



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 15, 2003

H.R. 2535

Economic Development Administration Reauthorization Act of 2003

*As ordered reported by the House Committee on Transportation and Infrastructure
on June 25, 2003*

SUMMARY

H.R. 2535 would reauthorize the Economic Development Administration (EDA) for an additional five years and provide funding for existing grant programs and new grant programs established under the bill. CBO estimates that implementing this legislation would cost about \$1.3 billion over the 2004-2008 period and an additional \$1.2 billion after 2008, assuming appropriation of the necessary amounts. Enacting H.R. 2535 would not affect direct spending or revenues.

Over the 2004-2008 period, about \$1.1 billion would be used by EDA to provide various types of grants that support activities associated with economic development and assistance for distressed communities, including a new incentive grant program that would reward grant recipients who have met certain performance measures. About \$200 million over the next five years would be used by EDA to fund its salaries and expenses (\$175 million) and to establish a demonstration program (\$25 million) for the redevelopment of brownfield sites using solar energy technologies (such sites are known as brownfield sites).

H.R. 2535 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The grants and incentive awards authorized in the bill would provide financial benefits to state, local, and tribal governments that participate in the economic development and planning programs. Any additional costs or requirements would be conditions of aid.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO estimates that implementing the bill would cost \$1.29 billion over the 2004-2008 period, assuming appropriation of the necessary amounts each year. Those estimated outlays are based on historical patterns for similar activities. The estimated budgetary impact of H.R. 2535 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars					
	2003	2004	2005	2006	2007	2008
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority ^a	319	0	0	0	0	0
Estimated Outlays	391	349	270	181	58	9
Proposed Changes:						
Economic Development Assistance Programs						
Authorization Level	0	400	425	450	475	500
Estimated Outlays	0	20	109	204	328	428
Economic Development Administration S&E						
Estimated Authorization Level ^b	0	33	34	35	36	37
Estimated Outlays	0	30	34	35	36	37
Brightfields Demonstration Program						
Authorization Level	0	5	5	5	5	5
Estimated Outlays	0	5	5	5	5	5
Total Proposed Changes						
Estimated Authorization Level	0	438	464	490	516	542
Estimated Outlays	0	55	148	244	369	469
Spending Under H.R. 2535						
Estimated Authorization Level	319	438	464	490	516	542
Estimated Outlays	391	404	418	425	427	478

a. The 2003 level is the amount appropriated for EDA assistance programs and EDA's salaries and expenses.

b. The 2004 amount for administration costs is specified by the bill, amounts over the 2005-2008 period were estimated by adjusting the 2004 level for anticipated inflation.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2535 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments would benefit from additional grant programs for economic development, performance and planning awards, and the changes to the requirements for state and local matches of federal grants. Such changes would provide additional resources for economic development projects. Any costs associated with participating in these grant programs would be conditions of aid and therefore voluntary.

ESTIMATE PREPARED BY:

Federal Costs: Susanne S. Mehlman

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Cecil McPherson

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis